

Message Text

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PAGE 01 VALLET 00925 241555Z

67

ACTION EUR-25

INFO OCT-01 ISO-00 AID-20 CIAE-00 EB-11 FRB-02 INR-10

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----- 026975

R 241505Z MAY 74

FM AMEMBASSY VALLETTA

TO SECSTATE WASHDC 5559

USDOC WASHDC

INFO AMEMBASSY BONN

AMEMBASSY ROME

AMCONSUL MILAN

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E.O. 11652: N/A (DECLAS AFTER ONE YEAR)

TAGS: EIND, MT

SUBJ: INVESTMENT OPPORTUNITY: CEMENT PLANT

1. PRIME MINISTER MINTOFF TELEPHONED AMBASSADOR MAY 21 TO SOLICIT OUR SUPPORT IN CALLING TO ATTENTION POTENTIAL US INVESTORS HIS DESIRE TO SET UP CEMENT PRODUCTION PLANT IN MALTA. EMBASSY OFFICER ALSO HAD MEETING WITH CHAIRMAN OF MALTA DEVELOPMENT CORPORATION TO OBTAIN FURTHER BACKGROUND INFORMATION.

2. ACCORDING TO MALTESE, A PRIVATE MALTESE GROUP HAS BEEN NEGOTIATING WITH FRG FIRM, SAARBERGWERKE, BUT NEGOTIATIONS FALTERED DURING PAST SIX MONTHS WHEN PLANE CARRYING FOUR COMPANY OFFICIALS CRASHED OFF NAPLES. THERE HAVE ALSO BEEN TALKS WITH ITALIAN/AMERICAN FIRM ITALCEMENTI, BUT HAVE BEEN IMPEDED OWING SHORT SUPPLY CEMENT MAKING EQUIPMENT IN ITALY AND LEAD TIME REQUIRED BY ITALIANS TO CONFIRM GERMAN FEASIBILITY STUDIES.

3. AGAIN ACCORDING TO MALTESE, STUDIES HAVE INDICATED
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LIMESTONE AND CLAY SUITABLE FOR CEMENT PRODUCTION ARE

IN PLENTIFUL SUPPLY ON MALTA. WHEN ASKED IF WATER SUPPLY COULD BE A PROBLEM, MALTESE INDICATED THIS COULD BE OVERCOME.

4. STUDIES SO FAR HAVE CONCERNED FACILITY RANGING IN SIZE FROM 100,000 AND 500,000 TONS CAPACITY PER YEAR. MALTA'S DOMESTIC CONSUMPTION IS ABOUT 60,000 TONS PER YEAT, AND REMAINDER WOULD BE EXPORTED. ACCORDING TO MIZZI, ESTIMATED COST 500,00 TONS CAPACITY PLANT WOULD BE IN NEIGHBORHOOD 17 MILLION MALTESE POUNDS (APPROXUS\$45 MILLION). COST FIGURES ON SMALLER CAPACITY NOT AVAILABLE. PLANT WOULD EMPLOY BETWEEN 150 AND 200 WORKERS.

5. COMMENT: WHILE MINTOFF EMPHASIZED EMPLOYMENT ASPECT, SAVINGS IN IMPORT COST FOR THIS NECESSARY COMMODITY, AS WELL AS POTENTIAL FOREIGN EXCHANGE EARNINGS, PROBABLY WEIGH EVEN MORE HEAVILY. MINTOFF EXPLAINED HE MADE REQUEST TO US EHEN HE LEARNED THAT DELIVERY OF EQUIPMENT FROM ANY WESTERN EUROPEAN SUPPLIER WOULD BE EIGHT TO NINE MINTHS LATER THAN AMERICAN EQUIPMENT DELIVERY. IT IS ALSO APPARENT THAT NECESSARY FINANCING FROM EUROPEAN SOURCES IS SLOW TO APPEAR. MINTOFF INDICATED HE IS INTERESTED IN FINANCING AS WELL AS AVAILABILITY OF EQUIPMENT.

6. ACTION REQUESTED: WE WOULD APPRECIATE INVESTIGATION AS TO WHETHER ANY US FIRMS WOULD BE INTERESTED IN TAKING ON THIS PROJECT. IN ADDITION TO USDOC EFFORTS, SUGGEST EUR/NE BRIEF GEORGE FELDMAN IN NEW YORK. WE WOULD ALSO APPRECIATE EARLY REPLY IN VIEW OF PERSONAL INTEREST BY PRIME MINISTER. IF ANY INTEREST GENERATED TECHNICAL AND FEASIBILITY STUDIES CARRIED OUT LAST YEAR SHOULD BE AVAILABLE.GETZ

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